

SENATE BILL 1387

By Haynes

AN ACT to amend Tennessee Code Annotated, Section 49-7-824 and Section 49-7-805(4), relative to Tennessee Baccalaureate Education System Trust Act.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 49-7-805(4), is amended by deleting the semicolon “;” at the end thereof and by substituting instead the following:

“, and contract with any other college savings program established pursuant to section 529 of the Internal Revenue Code in order to provide similar benefits for Tennessee residents;”.

SECTION 2. Tennessee Code Annotated, Section 49-7-824, is amended by deleting subsections (a) and (b) thereof and by substituting instead the following:

(a) A tuition contract terminates when the plan is terminated if the contract does not remain in effect under subsection (b). In such event, the purchaser must make a written request to the board to roll the tuition account over to another qualified tuition program established under Section 529 of the Internal Revenue Code. If the purchaser does not make such a request by the final plan termination date, a refund shall be made to the person designated in the contract to receive the same. The board shall determine the amount payable pursuant to a rollover request and the amount of any refund upon termination of the plan. Any rollover under this section shall be administered in accordance with the applicable rollover provisions of the Internal Revenue Code.

(b) Unless otherwise provided by the board, an educational services plan tuition contract remains in effect after such plan is terminated if, when the plan is terminated, the beneficiary:

(1) Has been accepted by or is enrolled in an institution of higher education; or

(2) Is projected to graduate from high school not later than the third anniversary of the date the plan is terminated.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.